



# Chevron Federal Credit Union

## Chevron Federal Credit Union

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**James E. Mooney**  
President & CEO

October 22, 2007

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

### **Re: Comments on Advanced Notice of Proposed Rule (ANPR) for Parts 703 and 704 - Permissible Foreign Currency Investments**

Dear Ms. Rupp:

Thank you for the opportunity to comment on the proposed rule regarding permissible foreign currency investments. On behalf of Chevron Federal Credit Union (CFCU), I wish to express our appreciation for NCUA's willingness to consider expanded investment authorities in the interest of allowing credit unions to offer foreign currency denominated products and services to its members.

#### **CFCU fully supports the intent of the proposed rule.**

We concur with NCUA's assessment that the current authority granted to credit unions to accept deposits denominated in foreign currencies is of limited practical value without the ability to also hold investments in such currencies. Maintaining foreign currency denominated investments provides an essential hedge against adverse foreign currency movements affecting member deposits.

We offer the following additional comments regarding the proposed rules:

We do not oppose restrictions of foreign currency investments to shares and deposits in federally insured banks, corporates, and GSEs domiciled in the U.S. or its territories. Such a restriction would not be onerous but would help to mitigate both country and credit risk.

- We would support some form of limitation in differences between foreign currency liabilities and assets. However, rather than a one-size-fits-all guideline, NCUA should consider multiple factors, including whether the out-of-balance reflects excess liabilities or excess assets, whether the currency is broadly traded or exotic, and whether the credit union's risk-weighted capital is near minimum levels or is comfortably above.

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Ms. Mary Rupp

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**CFCU believes that even greater foreign denominated currency authorities should be granted.**

Specifically, we wish to encourage NCUA to consider granting authority for credit unions not only to invest in foreign denominated currencies, but also to engage in foreign currency denominated lending. Such lending would provide further mitigation of foreign currency risk by offsetting liabilities with similarly denominated assets. More importantly, this authority would be most consistent with the primary purposes of any credit union. The absence of foreign currency denominated lending authority allows credit unions to offer, at best, only a truncated range of services to its overseas members.

Once again, thank you for the opportunity to comment on this important subject. While the proposed rule may presently affect only a limited number of credit unions, we believe that the authorities contemplated in the ANPR can only have a positive effect and will enable many credit unions to better serve the financial needs of their members.

Sincerely,

A handwritten signature in black ink, appearing to be "John Smith" or similar, written in a cursive style.